

(c) So far as direct taxes are concerned, the actual collections have exceeded budget estimates during the year 2003-04 whereas in respect of indirect taxes the same have exceeded the budget estimates during the year 2005-06.

(d) Such matters are considered during the Budgetary exercise and Government's response is reflected in the Annual Union Budget.

Low interest rate on farm loans

630. SHRI K. CHANDRAN PILLAI: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal for lowering the interest rate on farm loans to 4 per cent in view of the precarious condition of the farmers particularly the small land holders in the country;

(b) if so, the details thereof;

(c) if not, whether Government consider lowering the interest rates on farm loans; and

(d) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No Sir.

(b) Does not arise.

(c) and (d) Till March 2006, Public Sector Banks and RRBs were providing short term credit (STC) to small and marginal farmers at annual rates of interest of around 9% whereas the rates charged by cooperative credit structure ranged from 9% to 15% across the country. However, the Government of India provided Rs. 1700 crore by way of interest subvention to all the banks for crediting back to the farmers account an amount equivalent to 2% of the interest charged for Kharif and Rabi 2005-06 thereby reducing the interest burden of the farmers on their STC by 2%. Further, to provide short-term credit to the farmers at a rate of interest of 7% p.a. upto a principal amount of Rs. 3 lacs for Kharif and Rabi 2006-07, Government has decided to provide interest subvention of 2% p.a. to Public Sector Banks, RRBs and Cooperative Banks on the amount of STC provided from their own resources. Additionally to augment the STC lending, NABARD is providing enhanced refinance to the RRBs and Coop. Banks at concessional rates of interest of 4.5% and 2.5% p.a. respectively.